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Date MEMORANDUM FOR: D Inspector General

SUBJECT: Analysis of ~~power~~ in CIA

1. From the reading as well as from the verbal responses in your meetings, I think this paper for the DCI good - and as far as you can go now.

2. You know Mr. Dulles and his mind in respect to this man-power question better than I - however, I think it might be well to try a one-page summary of findings to prepare him better for the detailed 19 pages.

a. I have in mind particularly here that the answers to the first two questions present problems of a pull-and-haul and yes-but nature yielding relatively small dividends over a substantial period of trying, whereas, if there is no operators' tongue in cheek in the answers to the third question, we may perhaps conclude that the last is so overriding as to make the first two academic.

b. Regardless, the DCI should go through these 19 pages. He needs these findings and we need his reaction in the detail questions posed as well as on the over-all. In particular the whole matter of duplicatory functions and performance for others (Departments) cut right into his own rightful concern in respect to intra-Agency relations.*

3. Here is a paper of findings without your or the Committee opinion or recommendation in respect thereto. The Director may very well say to you, "What does your Committee think about possible action?" For whatever use it might be to you and almost regardless of what the Director may say to the Congressional Committee, I believe that he should require each of the three elements to undertake pruning scrutiny. I have particular reference to the overlapping aspects and our service to other agencies of the Government. One might very well ask on this point why the State Department shouldn't do "b" on page 6 - and also "c" on page 6. (State has about two hundred people in their Economic area and R also does some research in world economics - East-West trade, etc.)

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4. Also, I have in mind a rather severe scrutiny of "profits" or worthiness-for-the price on DD/P projects - to be done by other than directly interested parties, i.e., by the IG mechanism. Clearly, this is properly a continuing management (line) process also. There's so much gold in these hills that you might deem it well to deal with such specifically - in this report. Parenthetically, I remember so well an analysis I made on a staff agent activities where we were being played for complete suckers. (They fired him.)

5. Also, on the whole matter of contracting - what we could do perhaps might take an emphasis, as a separate point, from you. (We have only one reference to it in your paper.) I just plain don't believe Baird when he says that it is not advantageous to contract some of his courses, such as area and language, in one or more of the universities here in Washington. As you realize our costs are not just in our direct OI funds. Also Matt has some leaning toward empire.

6. At about the same level of importance as personnel record keeping which you have briefly dealt with, there is another matter with which we did not deal at all and on which I would love to see a scrutiny. It is that of money spent for "entertainment". If you don't already know of enough instances to make this scrutiny warrantable, you certainly know of ways to find out such instances - and they are with us. Perhaps one good way of getting this out would be via an IG-selected, cleared, outside auditor. His indoctrination in respect to what to look for is largely within the realm of common sense and could be given in the matter of two minutes.

7. I firmly believe that our present utilization of manpower is stirring around in sufficiently swampy ground so that if we pulled our belts up a couple of notches we could undertake new and desirable activities. This thought, however, is one on which nothing ever will be done unless the DCI lays down a requirement on the operators to tighten our belts. It is to be noted also in this connection, that because of ceiling, we are behind in needful production or results in some places. Alleviation could be secured by better or tougher operating control in the use of people.

8. For my money, you have dealt with the \$64.00 question, i.e., a new and growing Agency trying to be responsive to particular and vastly important demands from the Government as a whole. To scrutinize the use of manpower is always constructive, and your Committee proposal is just one method of so doing, particularly in light of the

Congressional letter; but let's hold the fort, and not be pushed off proper response to real need now facing us, or to be imposed.

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Chief, Management Staff

* PS - I have always thought Bill Donovan smart to have spent some salesmanship money out of his Presentation Branch in isolated pieces of non-OSS service for the military! But perhaps this isn't needed now.

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